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Members of the Arizona Legislature

The Honorable Janet Napolitano, Governor

I am pleased to present our report, *Arizona Public School Districts' Dollars Spent in the Classroom, Fiscal Year 2003*. We prepared this report in response to the Arizona Revised Statutes §41-1279.03 requirement to determine the percentage of every dollar Arizona school districts spend in the classroom. This report also describes how districts used Classroom Site Fund monies resulting from Proposition 301, the education sales tax that voters approved in November 2000. To provide a quick summary for your convenience, I am also including a copy of the Report Highlights.

Overall, Arizona's state-wide average spent in the classroom increased to 58.6 percent, almost one-half percent higher than fiscal year 2002. However, data reported by the National Center for Education Statistics shows that the national average was 61.5 percent, and the average for the ten states with per-pupil spending similar to Arizona's was 61.6 percent.

The factors that bear a direct relationship to a district's classroom dollars percentage include the size of the student population, and plant operation and maintenance, transportation, and administrative costs. State-wide, Arizona school districts allocate a higher percentage of their dollars to plant costs and student support services than the national average, and allocate a lower percentage of their dollars to administrative costs.

Within Arizona, higher per-pupil spending does not equate to higher classroom dollar percentages. In fact, districts that spend the most per pupil have lower classroom dollar percentages, on average.

Our review found that districts used Proposition 301 monies almost solely for instructional staff's salaries and benefits. This complies with the requirement that districts use at least 60 percent of the monies for teacher compensation. Based on district-reported data, 10 percent of teacher salary amounts, on average, were attributable to Proposition 301 monies.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on March 1, 2004.

Sincerely,

Debbie Davenport
Auditor General

Enclosure